

**REPORT OF THE AUDIT OF THE  
JESSAMINE COUNTY  
CLERK**

**For The Year Ended  
December 31, 2007**

## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE JESSAMINE COUNTY CLERK**

**For The Year Ended  
December 31, 2007**

Mountjoy & Bressler, LLP has completed the Jessamine County Clerk's audit for the year ended December 31, 2007. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$254,508 from the prior year, resulting in excess fees of \$925,629 as of December 31, 2007. Revenues increased by \$789,540 from the prior year and expenditures increased by \$535,032.

#### **Lease Obligations:**

The Jessamine County Clerk's office is committed to a lease agreement for the purpose of purchasing software. The agreement has a term of five (5) years with a maturity date of September 13, 2009. The principal amount outstanding under this agreement was \$121,540 at December 31, 2007.

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities or bonds.

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The Honorable William Cassity, Jessamine County Judge/Executive  
The Honorable Eva L. McDaniel, Jessamine County Clerk  
Members of the Jessamine County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Jessamine County, Kentucky, for the year ended December 31, 2007. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2007, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2008 on our consideration of the Jessamine County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Honorable William Cassity, Jessamine County Judge/Executive  
The Honorable Eva L. McDaniel, Jessamine County Clerk  
Members of the Jessamine County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Jessamine County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy & Bressler, LLP

September 9, 2008

JESSAMINE COUNTY  
EVA L. MCDANIEL, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2007

Revenues

State Fees For Services	\$	15,220
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Fiscal Court		138,416
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$ 1,926,731	
Usage Tax	9,564,347	
Tangible Personal Property Tax	3,856,452	

Other-

Fish and Game	2,530	
Marriage	14,590	
Occupational	75	
Beer and Liquor	800	
Deed Transfer Tax	321,940	
Delinquent Tax	792,447	
		16,479,912

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	37,946	
Real Estate Mortgages	120,979	
Chattel Mortgages and Financing Statements	125,923	
Leases	268	
Liens and Lis Pendens	12,802	
Power of Attorney	3,304	
Lien Release Fees	27,718	
Releases	28,151	
Wills, Estate Settlements and Accom	904	
All Other Recordings	10,611	

Charges for Other Services-

Refunds/Overpayments	71,287	
Affordable Housing Trust	70,656	
Postage	7,131	
Candidate Filing Fees	320	
Notary Fees	3,792	
Copywork	17,395	
		539,187

The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
 EVA L. MCDANIEL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY  
 BASIS  
 For The Year Ended December 31, 2007  
 (Continued)

Revenues: (Continued)

Other:

Miscellaneous		\$	5,872
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Interest Earned			14,452
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Total Revenues			17,193,059
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Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	1,291,590	
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Usage Tax		9,246,360	
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Tangible Personal Property Tax		1,447,275	
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Licenses, Taxes, and Fees-

Fish and Game		2,437	
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Delinquent Tax		492,073	
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Legal Process Tax		52,841	
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Affordable Housing Trust		70,656	\$ 12,603,232
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Payments to Fiscal Court:

Tangible Personal Property Tax		294,941	
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Delinquent Tax		11,066	
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Deed Transfer Tax		305,842	
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Beer and Liquor License		800	612,649
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Payments to Other Districts:

Tangible Personal Property Tax		1,953,560	
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Delinquent Tax		99,650	2,053,210
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Payments to Sheriff			1,247
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Payments to County Attorney			124,113
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The accompanying notes are an integral part of this financial statement.

JESSAMINE COUNTY  
 EVA L. MCDANIEL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY  
 BASIS  
 For The Year Ended December 31, 2007  
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$	534,252	
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Materials and Supplies-

Office Supplies		35,166	
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Other Charges-

Microfilming and Indexing Records		79,157	
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Hardware and Software Maintenance		1,421	
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Employee Training Programs		40	
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Preparation of 2007 Tax Bills		6,232	
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Reimbursed Expenditures		6,747	
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Postage		103	
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Refunds		111,456	
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Dues and Memberships		9,093	
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Miscellaneous		1,048	\$ 784,715
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Total Expenditures			\$ 16,179,166
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Net Revenues			\$ 1,013,893
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Less: Statutory Maximum			81,277
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Excess Fees			932,616
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Less: Expense Allowance			3,600
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Less: Training Incentive			3,387
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Excess Fees Due County for 2007			925,629
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Payments to Fiscal Court - March 13, 2008			905,918
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Balance Due Fiscal Court			\$ 19,711
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The accompanying notes are an integral part of this financial statement.



JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2007

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2007 services
- Reimbursements for 2007 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2007

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2007  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.19 percent for the first six months and 16.17 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Jessamine County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Jessamine County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2007  
(Continued)

Note 4. Lease

The Jessamine County Clerk's office was committed to the following lease agreement as of December 31, 2007:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2007
Software	\$ 6,077	60 months	9/13/2009	\$ 121,540

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable William Cassity, Jessamine County Judge/Executive  
The Honorable Eva L. McDaniel, Jessamine County Clerk  
Members of the Jessamine County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Jessamine County Clerk for the year ended December 31, 2007, and have issued our report thereon dated September 9, 2008. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Jessamine County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jessamine County Clerk's financial statement for the year ended December 31, 2007, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Jessamine County Fiscal Court, and the Kentucky Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Mountjoy & Bressler, LLP.*

Mountjoy & Bressler, LLP

September 9, 2008